

## Message Text

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64

ACTION EB-04

INFO OCT-01 SS-04 ISO-00 NSC-04 NSCE-00 INR-01 CIAE-00

/014 W

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R 050200Z JUN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 621

TREASURY WASHDC

C O N F I D E N T I A L TOKYO 7409

LIMDIS GREENBACK

TREASURY FOR UNDERSEC BENNETT

E.O. 11652: GDS

TAGS: EFIN JA

SUBJ: MERRILL LYNCH SOLICITING BUSINESS FROM BOJ AND OTHER CENTRAL  
BANKS

1. DURING COURSE OF FORTHCOMING PARIS MEETINGS MOF OFFICIALS  
MAY SEEK TREASURY VIEWS ON SUBJECT. FOLLOWING BACKGROUND  
INFORMATION WAS PROVIDED TO FINATT BY TOKYO VP AND GEN MGR  
OF MERRILL LYNCH, PIERCE, FENNER AND SMITH, DONALD P. KNODE.

2. KNODE HAS JUST COMPLETED 11-COUNTRY TOUR THROUGH THE  
REGION AS PART OF ML EFFORT TO SELL THEIR ADVISORY SERVICES  
TO CENTRAL BANKS FOR THEIR INVESTMENTS IN USG SECURITIES.  
ML CONSIDERS IT CAN EARN SOME 20 PERCENT ABOVE AVERAGE  
YIELD THROUGH ITS ACTIVE MANAGEMENT OF SECURITIES PORTFOLIO,  
AS WELL AS PROVIDE NECESSARY SAFETY AND LIQUIDITY REQUIRED  
BY CENTRAL BANKS FOR THEIR DOLLAR RESERVES. KNODE SAID ML  
HAS BEEN ADVISED BY FRBNY (RICHARD A. DEBS) THAT IT HAS NO  
OBJECTION TO ML SOLICITATIONS OF CENTRAL BANKS FOR  
SUCH BUSINESS. JAPAN, ALONG WITH GERMANY, ARE BIGGEST  
PRIZES ML HOPES TO WIN.

3. KNODE HAS TALKED TO INAMURA AT MOF AND HAS APPOINT-  
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MENT THIS WEEK WITH FUJIOKA (WHO IS SLATED FOR PROMO-

TION TO DIR GEN, INT FIN BUR, THIS SUMMER). MOST OF  
JAPAN'S RESERVES ARE HELD BY MOF IN ITS FOREX SPECIAL  
ACCOUNT AND IT, ALONG WITH BOJ, HAS SEVERAL REPRESENTA-  
TIVES IN NEW YORK TO FOLLOW U.S. SECURITIES MARKET  
DEVELOPMENTS. KNOE HAS ALSO TALKED TO BOJ (FUJIMOTO  
AND HAYAMI). THERE IS POSSIBILITY THAT DURING COURSE  
OF FORTHCOMING PARIS MEETINGS MEMBERS OF MOF DELEGA-  
TION WILL SEEK VIEWS OF UNDERSEC BENNETT REGARDING ML  
APPROACH.  
HODGSON

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, SECURITIES MARKETS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 JUN 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** GS  
**Errors:** N/A  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
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**Review Authority:** izenbei0  
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**Review Date:** 21 MAY 2003  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MERRILL LYNCH SOLICITING BUSINESS FROM BOJ AND OTHER CENTRAL BANKS  
**TAGS:** EFIN, EINV, JA, US, MERRILL LYNCH, BANK OF JAPAN, (KNODE, DONALD P)  
**To:** STATE TRSY  
**Type:** TE  
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